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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of)
)
1998 Biennial Regulatory Review,)
Streamlined Contributor Reporting)
Requirements Associated with)
Administration of Telecommunications)
Relay Services, North American)
Numbering Plan, Local Number Portability,)
and Universal Service Support)
Mechanisms)

CC Docket No. 98-171

**REPLY COMMENTS OF
THE UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

The Universal Service Administrative Company ("USAC")¹ submits these Reply Comments in response to the October 27, 1999 and November 16, 1999 Public Notices of the Common Carrier Bureau in the above-captioned proceeding and in response to the initial comments previously filed in response to those Public Notices.²

On October 13, 1999, the administrators for the long-term local number portability, numbering administration, Telecommunications Relay Services, and universal

¹ USAC is the not-for-profit corporation appointed by the Commission to administer the universal service support mechanisms for high-cost areas, low-income consumers, rural health care providers, schools and libraries, and the billing, collecting, and disbursing of all universal service funds. *See generally* 47 CFR Part 54. USAC was created by the National Exchange Carrier Association ("NECA") to administer the universal service programs with oversight from the diverse participants which represent a wide variety of industry and beneficiary interests, so that the administration of the programs would be performed in "a competitively neutral and unbiased manner," consistent with the competitive environment envisioned by the Telecommunications Act of 1996. *See* Changes to the Board of Directors of the National Exchange Carrier Association, Inc., and Federal-State Joint Board on Universal Service, *Report and Order and Second Order on Reconsideration*, CC Docket Nos. 97-21 and 96-45, 12 FCC Rcd 18400, 18418, para. 29 (1997). USAC files these comments only as they relate to administrative matters concerning the universal service fund and support mechanisms.

² Comments were filed in this proceeding in response to the Commission's October 27, 1999 and November 16, 1999 Public Notices by Bell Atlantic, the Cellular Telecommunications Industry Association ("CTIA"), MCI WorldCom, Inc. ("MCI WorldCom"), and NECA.

service support mechanisms filed a joint submission regarding procedures for gathering data from contributors to these mechanisms.³ In the Joint Submission, the administrators proposed that a central data collection agent be responsible for performing the data collection functions and proposed a methodology to apportion the costs of the data collection. USAC also submitted a letter in this proceeding suggesting that it be appointed to manage the centralized data collection process.⁴

CTIA agrees with the administrators that a central data collection agent is an efficient and cost-effective way to collect, validate and process contributors' data from the four programs and supports the cost allocation methodology proposed by the administrators. CTIA Comments at 2-3. With respect to designating the entity responsible for the data collection, CTIA states its view that "the best way to accomplish this task is through a competitive bidding process in which the process is open to all four Program Administrators." *Id.* at 4. USAC agrees that the data collection function should be subjected to a competitive bidding process and, if it were selected by the Commission to oversee the data collection function, it would conduct such a process itself. In fact, USAC intends in mid-2000 to conduct a competitive procurement for the billing, collection and disbursement functions for which it is currently responsible. Adding the data collection function to that solicitation would impose no additional burden on any entity and would accomplish the objective sought by CTIA in its comments and shared by USAC.

³ See Joint Submission of Program Administrators Regarding Consolidated Data Collection Procedures and Cost Allocation Methodology, CC Docket No. 98-171 (filed Oct. 13, 1999)("Joint Submission").

⁴ See Letter from D. Scott Barash, USAC, to Magalie Roman Salas, FCC (Oct. 12, 1999).

Bell Atlantic faults the administrators for not performing an undefined “cost-benefit analysis” to justify their suggestion that the data collection function be consolidated. Bell Atlantic Comments at 2. Bell Atlantic also asks the Commission to ensure that any confidential data collected would be protected and shared with a fund administrator only if such data were relevant to that particular fund. *Id.* USAC currently has stringent safeguards to ensure the security of proprietary corporate data that it receives and agrees that appropriate procedures should be instituted to safeguard proprietary corporate data. Moreover, because USAC is a neutral administrative body, it has no incentive to use confidential data in any unauthorized manner.

MCI WorldCom proposes a cost allocation methodology different than that proposed by the fund administrators. *See* MCI WorldCom Comments at 2. USAC does not disagree with MCI WorldCom’s assessment that its proposed methodology is a reasonable alternative for apportioning costs associated with the data collection. The allocation proposed by the administrators is equally reasonable, if not more so, than MCI WorldCom’s proposed methodology, and reflects an approach which was the product of a consensus among the administrators. MCI WorldCom also suggests that the Commission appoint an entity other than USAC to manage the data collection function in order to enable USAC to concentrate on administering the Schools and Libraries and Rural Health Care support mechanisms. *Id.* at 3. USAC appreciates MCI WorldCom’s concern, but USAC currently manages the largest data collection effort as part of its billing and collection responsibility and is confident that it could continue to manage the consolidated data collection function as well as its other responsibilities. Adding the data

collection function to USAC's duties will not unduly burden USAC, nor will it cause USAC to neglect its other responsibilities.

NECA, the only fund administrator which submitted initial comments, supports the position taken in the Joint Submission. *See* NECA Comments at 1-3. In response to USAC's proposal that it perform the data collection function, NECA states that the administrators should develop satisfactory procedures among themselves for selection and ongoing supervision of a single data collection agent. *Id.* at 4. NECA contends that the other administrators would lack supervisory authority over the data collection function if USAC was selected to perform it. *Id.* This potential problem exists, of course, if *any* single entity was chosen to serve as the data collection agent, and is only solved by having all of the administrators collect and process the forms. Moreover, USAC has had discussions with NECA and the other program administrators seeking their input on selection of and supervision of the data collection agent to be sure that the data collection function will be performed in an accurate, efficient and cost-effective manner. USAC disagrees with NECA's suggestion that NECA's undefined consensus process will "reduce potential burdens on the Commission." *Id.* To the contrary, appointing a single data collection agent will greatly simplify the Commission's oversight role. As evidenced by the comments in this proceeding, the Commission could become involved in adjudicating data collection issues in the event that the administrators could not agree on an approach. Appointing USAC as the single data collection agent, with the understanding that USAC must seek input from and be responsive to the needs of all the programs, would remove this potential burden from the Commission.⁵

⁵ NECA takes issue with USAC's statement that USAC is the program administrator with the largest number of carriers and contributors subject to the data collection process. *See* NECA Comments at

CONCLUSION

For the reasons set forth herein and in its previous submissions in this proceeding, USAC believes that the proposals in the Joint Submission will provide for the efficient collection, validation and processing of contributor data. USAC also believes that the proposed cost allocation methodology will result in an equitable apportionment among the administrators of the programs in question. Finally, USAC respectfully submits that it is in the best position to administer in a neutral manner the consolidated data collection process and renews its request to be assigned that responsibility by the Commission.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'D. Scott Barash', written over a horizontal line.

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4 n. 9. In fact, USAC interacts with more than 5,000 carriers, and files a list with the FCC every six months reflecting the status of those carriers with respect to the most recent data reporting period. As NECA correctly acknowledges, the billings for the programs that USAC administers are significantly larger than the billings for the other programs. *Id.* NECA's implicit suggestion that administration of the other programs would be adversely affected by appointing the entity which has the largest financial incentive to ensure the data collection is conducted in an accurate, efficient and cost-effective manner is thus without foundation.

Certificate of Service

I hereby certify that copy of the Comments was served this 9th day of December 1999, by hand delivery or first class mail, to the persons listed below.

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